



ARIZONA STATE SENATE
Fifty-Fifth Legislature, First Regular Session

FACT SHEET FOR H.B. 2113

charitable contribution; deduction; inflation adjustment

Purpose

Requires the Arizona Department of Revenue (ADOR), for taxable years (TYs) beginning January 1, 2022, to adjust the standard deduction increase of 25 percent of a taxpayer's charitable deductions according to the average annual change in the metropolitan Phoenix Consumer Price Index (CPI) published by the U.S. Department of Labor, Bureau of Labor Statistics.

Background

For TY 2020, a taxpayer may elect to take a standard deduction, in lieu of all itemized deductions, in the following amounts:

Category	Amount
Single person or married filing separately	\$12,400
Head of household	\$18,650
Married filing jointly	\$24,800

Beginning January 1, 2019, the standard deduction, for a taxpayer that elected to take the standard deduction in lieu of itemized deductions, must increase by 25 percent of the charitable contributions that otherwise would have been deductible had the taxpayer elected to claim itemized deductions ([A.R.S. § 43-1041](#)).

The Joint Legislative Budget Committee (JLBC) fiscal note estimates that H.B. 2113 would result in a state General Fund revenue loss of \$(2) million in FY 2023 and \$(3.9) in FY 2024. JLBC adds that the impact would continue to grow beyond FY 2024 ([JLBC fiscal note](#)).

Provisions

1. Requires ADOR, for TYs beginning January 1, 2022, to adjust the standard deduction increase of 25 percent of the charitable deductions that would have been allowed if the taxpayer had claimed itemized deductions, according to the average annual change in the metropolitan Phoenix CPI published by the U.S. Department of Labor, Bureau of Labor Statistics.
2. Requires the annually revised percentage to be raised to the nearest whole percent and prohibits the percentage from being revised below the amounts prescribed in the prior TY.
3. Prohibits the aggregate adjusted percentage from exceeding 100 percent.
4. Becomes effective on the general effective date.

House Action

WM	1/20/21	DP	6-4-0-0
3 rd Read	2/2/21		44-15-0-0-1

Prepared by Senate Research
 March 2, 2021
 MG/gs